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United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

April 8, 1999

The Honorable Aida Alvarez
Administrator
U.S. Small Business Administration
409 Third Street, S.W.
Washington, D.C. 20416

Dear Administrator Alvarez:

On April 2, 1999, the "Small Business Year 2000 Readiness Act" was signed into law. The Act requires the Small Business Administration (SBA) to establish a loan program to guarantee loans to small businesses so they can address their Year 2000 (Y2K) computer problems and to provide relief from substantial economic injury resulting from Y2K computer problems. The law also requires the SBA to issue guidelines for participating lenders to carry out the loan program no later than 30 days after the enactment of the law -- in other words, on or before April 30, 1999. Since the beginning of this year, the SBA has been on notice that the Small Business Year 2000 Readiness Act was likely to become law. As recently as February 4, 1999, you stated that the SBA strongly supports the concept of providing financial assistance to facilitate the Y2K compliance needs of the nation's small businesses. Accordingly, I trust that your agency has already taken steps to begin implementing this law, so that it would be ready to guarantee loans under the program without delay.

Please be aware that the law permits the SBA to guarantee loans under the program beginning on the date of its enactment, prior to the issuance formal guidelines. With approximately 270 days left before the year 2000, I would strongly urge you to issue emergency guidelines and begin guaranteeing Y2K loans immediately. I also urge SBA personnel to begin aggressively marketing this loan program to small businesses and all eligible lenders without delay, as the law also requires. This would include placing information on the SBA's website, which currently does not contain any information about the Y2K loan program. The SBA has an opportunity through this loan program to serve small businesses that would not normally consider an SBA loan for their day-to-day capital needs, but will take advantage of the Y2K loan program if they are provided information. It is imperative that the SBA not let this opportunity slip away.

The Committee on Small Business is charged with overseeing the agency's overall operations, including the implementation of the Y2K loan program. Accordingly, to ensure that prompt action is being taken to implement the Small Business Year 2000 Readiness Act, please provide me with the following information by April 15, 1999:

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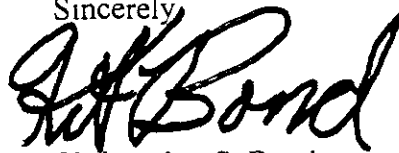
- (1) A detailed explanation of the actions the SBA has taken to implement guidelines governing the Y2K loan program and to market the program to lenders and small businesses;
- (2) The date that the SBA will be ready to guarantee loans under the Y2K loan program;
- (3) A detailed explanation of the activities to promote the Y2K loan program conducted during the SBA's Y2K Action Week held March 29-April 2, 1999, including copies of any documentation regarding the Y2K loan program distributed to small businesses and lenders on that week; and,
- (4) A detailed explanation of the actions the SBA plans on taking to implement the guidelines governing the Y2K loan program and to market the program to lenders and small businesses, including the timing of such activities.

Beginning on April 20, 1999, I request that you provide the Committee with weekly updates on each of the foregoing items. To reduce the burden that this request may have, the Committee is prepared to accept verbal reports from the SBA.

Congress' strong interest in this law is readily apparent from its unanimous passage by both the Senate and the House of Representatives and the short time between the date I introduced this legislation and its final passage. Accordingly, I am confident based upon your repeated assurances to me that the SBA will be both prompt and vigilant in the implementation and marketing of the Y2K loan program. Our nation's small businesses cannot afford for this program to be delayed, as has occurred with other Congressional initiatives like the HUBZone Program.

Your prompt attention to this matter will be greatly appreciated by our nation's small businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive, flowing style.

Christopher S. Bond
Chairman